



Contact: SBA – Sue Hensely (202) 205-6444
USDA Rural Development -
Tim McNeilly (202) 690-0498

BUSH ADMINISTRATION UNVEILS NEW JOB CREATION EFFORT FOR RURAL AMERICA

WASHINGTON, October 31, 2003 - Bush Administration officials today expanded efforts to stimulate job growth in rural areas by announcing the creation of a new program to support the financing of new and expanding rural businesses. The signing of a collaborative agreement today between officials of the U.S. Department of Agriculture and the U.S. Small Business Administration will provide rural businesses with greater access to venture capital investment funds through a newly created initiative called the Rural Business Investment Program (RBIP). The new initiative fortifies President Bush's efforts to build a strong foundation for business development and job growth to serve as the economic stimulus in rural areas.

“This expansion of access to venture capital investment funds cements the foundation needed to support improved economic opportunities and an improved quality of life for rural Americans,” said Agriculture Under Secretary for Rural Development Thomas C. Dorr. “The Bush Administration is deeply committed to creating and saving jobs that produce the income needed for rural families to buy a home, further their education and build equity for their family's future.”

The RBIP will allow newly formed venture capital investment companies to leverage private capital funds with government financial assistance and to obtain both government and private grant resources for technical assistance. The RBIP will increase the amount of capital available for investment in rural American businesses, and will provide a new resource for technical assistance to such businesses.

-more-

Created by the 2002 Farm Bill, RBIP was provided funding through the Commodity Credit Corporation to support \$280 million in guaranteed debentures and grants for technical assistance. Under the agreement signed, USDA will enlist SBA's expertise in venture capital financing and reimburse SBA for carrying out the day-to-day management and operation of the program. SBA has operated since 1958 the Small Business Investment Company (SBIC) program, a public-private partnership managing \$17.7 billion in more than 10,000 firms across America. SBIC companies employ 1.1 million people, and operate in diverse business sectors, regions of the country, and income groups, with more than \$500 million annually in rural financings.

"I am very pleased that the SBA is joining with the Department of Agriculture to help spur investment in rural businesses," SBA Administrator Hector V. Barreto said. "The SBA has a long history of supporting rural business. Our SBIC program invested \$500 million in rural areas last year alone, and we are committed to increasing that number this year. The RBIP program we are creating today will enhance those efforts, doing even more to stimulate investment and job creation in rural communities. I would like to thank Secretary Veneman for her dedication to this project, and look forward to working together with her as we move forward."

Bush Administration officials expect to begin accepting applications under the new program in about six months. "Our challenge and commitment is to work hard and fast to make this happen," said Dorr. Preparation and publishing of the guidelines for applying to participate in the program must be completed before funds can be expended. SBA has offered to give special consideration to rural applicants in its SBIC program until RBIP is fully operating.

Information on program implementation will be published in the Federal Register and available on USDA's web site at: www.rurdev.usda.gov

#